

## Message Text

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PAGE 01 STATE 136809

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INFO OCT-01 ISO-00 /001 R

DRAFTED BY EB;TOENDERS:BMH

APPROVED BY S:THE SECRETARY

E - CWROBINSON

C - MR. DOBBINS

EUR - MR. HARTMAN

S/S :JPMOFFAT

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 136809

NODIS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: RESPONSE TO CALLAGHAN ON THE DIALOGUE

PLEASE DELIVER FOLLOWING LETTER FROM THE SECRETARY TO  
FOREIGN SECRETARY CALLAGHAN.

BEGIN TEXT:

DEAR JIM:

AS I NOTED IN MY LETTER OVER THE WEEKEND, I AGREE ENTIRELY  
WITH THE CONCERNS YOU EXPRESS ABOUT GETTING OURSELVES INTO  
A SCENARIO WITH THE OIL PRODUCERS AND DEVELOPING COUNTRIES  
THAT IN THE END WILL PUT OUR UNITY AND OUR FINANCES UNDER  
PRESSURE.

PETER RAMSBOTHAM AND I HAVE EXCHANGED IDEAS ON THIS, AND  
CONFIDENTIAL

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PAGE 02 STATE 136809

TOM ENDERS AND ART HARTMAN HAVE GONE OVER THE GROUND WITH

PETER IN DETAIL. HE WILL GIVE YOU A FULL ACCOUNT OF OUR CURRENT THINKING. LET ME JUST NOTE THE ESSENTIALS HERE.

FIRST, WE OUGHT TO AGREE ON THE KINDS OF THINGS WE DO AND DO NOT ATTEMPT TO DISCUSS IN THE THREE COMMISSIONS, ASSUMING

THEY ARE CREATED. ON ENERGY, CHANCES OF A GRAND NEGOTIATION ON SUPPLY AND PRICE ARE EVEN MORE REMOTE NOW THAN A FEW MONTHS AGO. HOWEVER WE CAN DISCUSS ALL THE WAYS--FINANCE, INVESTMENT, TRADE, AS WELL AS THE DEMAND AND SUPPLY OF OIL--IN WHICH WE HOPE THE OIL PRODUCERS WILL GRADUALLY BECOME INTEGRATED INTO THE INDUSTRIAL SYSTEM. AS I SEE IT, SINCE WE ARE NOT DEMANDEUR FOR AN OIL PRICE AGREEMENT, IT WILL BE DIFFICULT TO LEVERAGE US ON THE OTHER COMMISSIONS. IN THE COMMODITIES COMMISSION, WE COULD, IN ADDITION TO MONITORING THE WORK DONE IN SPECIALIZED COMMODITY BODIES, DEBATE THE MORE GENERAL ISSUES, INCLUDING SUCH THINGS AS YOUR IDEA ON A GENERAL COMMODITY AGREEMENT; OUR CONCEPTS OF INCREASING PRODUCTION; AND ACCESS TO SUPPLY AND MARKETS. THE COMMISSION ON THE MOST SERIOUSLY AFFECTED COUNTRIES MIGHT DEAL WITH THE FINANCIAL GAP OF THOSE COUNTRIES AND WAYS TO COVER IT, AND LEND ITS SUPPORT TO SUCH NEW INITIATIVES AS THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, AND THE TRUST FUND. I WOULD ENVISAGE THAT NEW INITIATIVES COMING OUT OF THE SPECIAL SESSION MIGHT BE ASSIGNED TO THESE COMMISSIONS.

SECOND, WE AGREE ENTIRELY WITH YOUR VIEW THAT WE MUST SORT OUT WHAT WE ARE GOING TO DO IN EACH FORUM, SO AS NOT TO BE IN THE ABSURD POSITION OF MAKING CONCESSIONS TO KEEP SEVERAL DIFFERENT LINES OF DISCUSSION, MANY OR MOST OF WHICH MAY BE SUPERFLUOUS TO REAL NEED, GOING AT ONCE. THIS IS OUR BASIS, AS I GATHER IT IS YOURS, FOR OPPOSING THE FRENCH IDEA OF HAVING AN ENLARGED CONFERENCE ON ALL SUBJECTS. IN THE END, I CAN SEE AGREEING TO YAMANI'S IDEA OF A ONE- TO TWO-DAY ENLARGED CONFERENCE TO LAUNCH PRE-AGREED COMMISSIONS. BUT MORE THAN THAT WOULD SIMPLY DUPLICATE THE UN AND SET US UP FOR DOUBLE PAYMENT. I THINK THE IEA SHOULD COME DOWN CLEARLY ON THIS ISSUE AT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 136809

THE DISCUSSION ON JUNE 11.

THIRD, WE SHOULD TRY TO USE THE IEA MEETING TO AGREE ON COORDINATION AMONG CONSUMERS. BECAUSE OF ITS ORIGINS AND BECAUSE OF THE MAJOR ROLE THAT ENERGY WILL PLAY IN IT, I PROPOSE THAT WE LEAVE COORDINATION OF THE TACTICS AND DIPLOMATICS OF THE DIALOGUE AS A WHOLE IN THE IEA. DAVIGNON CAN COORDINATE AS NECESSARY WITH THE FRENCH.

BUT WE SHOULD RESIST EFFORTS BY VAN LENNEP OR THE FRENCH TO GET SOME OVERALL BODY TO COORDINATE THE IEA AND OTHER SPECIALIZED AGENCIES DEALING WITH INDIVIDUAL ASPECTS OF THE PROBLEM. THIS WOULD ONLY INVITE THE KIND OF CONFERENCE THE FRENCH ARE NOW PROPOSING, WEAKEN THE IEA, AND LEAD TO THE UNMANAGEABLE UNIVERSAL LDC DIALOGUE WE BOTH WISH TO AVOID. WHEN AND AS THE COMMISSIONS ARE SET

UP, THEY SHOULD BE BACKSTOPPED BY ORGANIZATIONS WITHIN THE OECD. THE OBVIOUS CHOICES ARE THE NEW STUDY GROUPS ON COMMODITIES AND NORTH-SOUTH ISSUES.

FOURTH, WE NEED TO COORDINATE CAREFULLY ON THE DIALOGUE, AND WHAT WE DO AT THE UN. VARIOUS POSSIBLE LINKS CAN BE ENVISAGED. THE COMMISSIONS, FOR EXAMPLE, COULD REPORT PERIODICALLY TO THE UN. INITIATIVES BEGUN AT THE UN COULD BE ASSIGNED TO THE COMMISSIONS. IN ANY CASE, WE SHOULD MAKE SURE THAT THERE IS ONLY ONE GENERAL CONFERENCE, THE SPECIAL SESSION, AND THAT ANY GENERAL INITIATIVES THAT WE PROPOSE TO TAKE, WE TAKE THERE. AFTER ALL, WE DON'T HAVE TO HAVE THE UN ASSIGNING OUR INITIATIVES TO THE COMMISSIONS IN ORDER TO PURSUE THEM IN THAT VENUE.

I MUCH APPRECIATE YOUR LETTER. I THINK BOTH YOU AND WE ARE GOING IN THE RIGHT DIRECTION TO HEAD OFF THE NORTH-SOUTH CLASS WAR THAT SEEMS TO BE FORMING. YET CLEARLY INATTENTION TO TACTICAL DETAIL COULD PROVE VERY EXPENSIVE. WE SHOULD TRY TO GET AS MUCH OF THIS NAILED DOWN AS POSSIBLE IN THE GOVERNING BOARD MEETING AS A BASIS FOR FURTHER ACTIONS.

WARM REGARDS,

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PAGE 04 STATE 136809

HENRY A KISSINGER

END TEXT. KISSINGER

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## Message Attributes

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